

Message Text

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ACTION ARA-14

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FM AMEMBASSY CARACAS

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INFO AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

C O N F I D E N T I A L CARACAS 8165

EO 11652 GDS

TAGS: PFOR PBOR EGEN EFIN BL VE

SUBJ: BOLIVIAN ACCESS TO THE SEA AND REGIONAL DEVELOPMENT

1. I MET WITH FOREIGN MINISTER CONSALVI AND REYNALDO FIGUEREDO, DIRECTOR OF FOREIGN TRADE INSTITUTE, ON AUG 15 AT THEIR REQUEST TO DISCUSS SUBJECT. FIGUEREDO, WHO DID MOST OF THE TALKING, EXPLAINED THAT AS HE HAD TOLD PRES CARTER, PRESIDENT PEREZ (CAP) HAS LONG BEEN CONVINCED THAT SECURING A BOLIVIAN CORRIDOR TO THE SEA DEPENDED UPON SUPPORTING IT WITH A DEVELOPMENT PROGRAM FOR THE REGION IN WHICH THE THREE COUNTRIES WOULD BENEFIT. BOLIVIA ALSO ACCEPTS THIS PREMISE, AND THE MATTER WAS DISCUSSED BY PEREZ AND PRESIDENT BANZER DURING THE LATTER'S VISIT HERE. BOLIVIA HAS FOR SOME TIME CONCIVED OF A DEVELOPMENT CENTERED AROUND ARICA WHICH WOULD INCLUDE PETROCHEMICALS, PETROLEUM REFINERY PRODUCTS, AND FERTILIZERS TO BE DEVELOPED IN ACCORDANCE WITH ANDEAN PACT GUIDELINES AND BLESSING. IN FOLLOWUP CONVERSATIONS TO BANZER'S VISIT WITH BOLIVIAN OFFICIALS, WHICH FIGUEREDO CARRIED OUT AT CAP'S REQUEST, THE BOLIVIANS SUPPLIED HIM WITH AN ECONOMIC
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PROPOSAL DTD 1976 FOR "CORRIDOR DEVELOPMENT" (FRANJA) WHICH THEY ASKED THAT THE GOV PASS CONFIDENTIALLY TO ASST SEC TODMAN. HE GAVE ME A COPY WHICH I AM AIR-POUCHING TO ARA.

2. FIGUEREDO THEN WENT ON TO SAY THAT VENEZUELA HAS DISCUSSED WITH BOLIVIA A BORADER PROPOSAL WHICH IS THE

BRAINCHILD OF GENERAL ALFONZO RAVARD, CURRENTLY HEAD OF PETROLEOS DE VENEZUELA AND FORMER HEAD OF THE GUAYANA DEVELOPMENT CORPORATION (CVG). GENERAL ALFONSO DURING A TRIP TO BOLIVIA SUGGESTED TO THE BOLIVAINS THAT THEY UNDERTAKE REGIONAL DEVELOPMENT OF THE MUTON AREA OF SOUTHERN BOLIVIA NEAR THE BRAZILIAN BORDER WHICH IS RICH IN IRON ORE, NATURAL GAS, FORESTRY PRODUCTS, AND POTENTIALLY IN HYDROELECTRIC POWER. ECONOMIC EXPLOITATION AND DEVELOPMENT OF THIS REGION WOULD BY ITSELF AMORTIZE THE COSTS OF A RAILROAD FROM THIS REGION TO THE PACIFIC, A DISTANCE OF OVER 1,000 KILOMETERS. THE EXISTENCE OF LARGE QUANTITIES OF HIGH GRADE IRON ORE AND OTHER PRODUCTS WOULD JUSTIFY A MAJOR RAILROAD PROJECT, AND THIS IN TURN WOULD PERMIT DEVELOPMENT OF THE ENTIRE REGION THRU WHICH TT RUNS, INCLUDING FACILITATING THE COASTAL DEVELOPMENT WHICH THE BOLIVIANS ARE TALKING ABOUT. THE NATURAL EXIT FOR THE REGION IS THE PACIFIC COAST, DESPITE THE DISTANCE, RATHER THAN EAST, AND THE TERRAIN WOULD PERMIT IT EASILY. THE DEVELOPMENT OF THIS REGION, WHICH GENERAL ALFONZO LIKENS TO THE GUAYANA DEVELOPMENT IN VENEZUELA, WOULD BE EXPENSIVE (OVER A BILLION DOLLARS) AND, FIGUEREDO SYAS, PROBABLY THE ONLY TWO COUNTRIES THAT WOULD BE IN A POSITION TO ASSIST WOULD BE JAPAN AND THE US.

3. FIGUEREDO SAID THAT DEVELOPMENT OF THIS KIND IN
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BOLIVIA WOULD EFFECTIVELY SUPPORT THE "FRANJA"(CORRIDOR) DEVELOPMENT. THE BOLIVIANS ARE VERY CAUTIOUS AND DID NOT WANT TO CONDITION THE CORRIDOR ON THE MUTON DEVELOPMENT SINCE THE LATTER WAS MUCH MORE COMPLICATED AND WOULD REQUIRE MUCH MORE TIME FOR STUDY. FIGUEREDO SUGGESTED THAT PERHPAS THE "FRANJA" DEVELOPMENT MIGHT BE THOUGHT OF AS A FIRST PHASE. ACKNOWLEDGING THAT IT WAS ALL VERY COMPLICATED HE THOUGHT IT WAS SOMETHING THAT SHOULD BE STUDIED. FIGUEREDO ADDED THAT BRAZIL AND ARGNETINA MIGHT EVEN BE WILLING TO ASSIST SINCE THEY COULD CONCEIVABLY OBTAIN THEREBY A KIND OF "ACCESS" TO THE PACIFIC.

4. I TOLD FIGUEREDO THAT I AGREED THAT IT WAS AN INTERESTING IDEA AND SHOULD BE STUDIED. I REMINDED HIM OF AMBASSADOR SHLAUDEMAN'S SUGGESTION THAT IF HE IS IN WASHINGTON HE MIGHT TALK WITH AMBASSADOR STEDMAN AND PERHAPS WITH DEPUTY ASST SEC ARELLANO. FIGUEREDO SAID HE WOULD PROBABLY BE IN WASHINGTON AT THE END OF AUGUST OR BEGINNING OF SEPTEMBER, AND WOULD LET US KNOW.

5. THE FOREIGN MINISTER INDICATED THAT CAP STILL PLANNED

TO DEVELOP HIS OWN IDEAS ON THIS GENERAL SUBJECT IN
WRITING AND WOULD PASS US A CPPY.
VAKY

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